

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO**

In re:)	
)	Chapter 11
MURRAY ENERGY HOLDINGS CO., <i>et al.</i> , ¹)	Case No. 19-56885 (JEH)
)	
)	Judge John E. Hoffman
)	
Debtors.)	(Joint Administration Requested)
)	

**STATEMENT OF FORESIGHT IN SUPPORT OF, AND RESERVATION
OF RIGHTS WITH RESPECT TO, DEBTORS' (I) CASH MANAGEMENT
MOTION AND (II) DIP FINANCING MOTION**

Foresight Energy GP LLC, Foresight Energy LP, and its direct and indirect subsidiaries (collectively, “**Foresight**”) respectfully submit this statement (the “**Statement**”) in support of, and reservation of rights with respect to, the (1) *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Maintain Existing Business Forms, and (C) Perform Intercompany Transactions and Pay Prepetition Obligations Related Thereto, and (II) Granting Related Relief* [ECF No. 13] (the “**Cash Management Motion**”)² and (2) *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Modifying*

¹ Due to the large number of Debtors in these chapter 11 cases, for which joint administration has been requested, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. Such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.primeclerk.com/MurrayEnergy>. The location of Debtor Murray Energy Holdings Co.’s principal place of business and the Debtors’ service address in these chapter 11 cases is 46226 National Road, St. Clairsville, Ohio 43950.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Cash Management Motion.

the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief [ECF No. 28] (the “**DIP Financing Motion**” and, together with the Cash Management Motion, the “**First Day Motions**”) and respectfully state as follows:

I. Preliminary Statement³

Foresight is a non-Debtor affiliate of Debtor Murray Energy Corporation (“**MEC**”) and certain of its direct and indirect Debtor subsidiaries (together with MEC, “**Murray Energy**”). Day-to-day, in the ordinary course of business, Foresight and Murray Energy engage in Intercompany Transactions, relating to, among other things, management services and the sale of coal to certain customers. To oversee these affiliate relationships and any matters relating to the Debtors’ restructuring, including the First Day Motions, Foresight has empowered a Conflicts Committee comprised of the Independent Directors to act on Foresight’s behalf in these chapter 11 cases. At this time, Foresight files this Statement in support of the relief sought in the First Day Motions, but reserves all rights with respect to (a) the Intercompany Transactions between the parties should such transactions no longer benefit Foresight and (b) proceeds generated by Foresight through the sale of its coal under At-Contract Intercompany Coal Sales, which are the sole property of Foresight.

II. Foresight’s Business

1. Foresight is a leading producer of thermal coal, with four mining complexes and nearly 2.1 billion tons of proven and probable coal reserves strategically located near multiple rail and river transportation access points in the Illinois Basin. In addition, Foresight owns a barge-loading river terminal on the Ohio River. Foresight markets and sells its coal primarily to electric utility and industrial companies in the eastern half of the United States and the international market.

³ Capitalized terms used in this Section I but not yet defined are defined below.

In fiscal year 2018, Foresight sold approximately 23 million tons of coal, resulting in approximately \$1.1 billion of revenue.

III. Foresight's Organizational and Ownership Structure

2. Foresight's ultimate parent is non-Debtor Foresight Energy LP ("**FELP**"), which is a publicly traded⁴ Delaware limited partnership. As detailed below, FELP has (a) common and subordinated limited partnership interests (the "**LP Units**") and (b) a general partner, Foresight Energy GP LLC (the "**GP**"), which makes decisions for, but holds no monetary interest in, FELP. The GP's only interest in Foresight is its non-monetary general partner interest in FELP. All of Foresight's operating subsidiaries are direct or indirect subsidiaries of FELP.

3. Approximately 51.2% of the LP Units are held by MEC. The remaining LP Units are all held by non-Debtors, including the estate of Christopher Cline (approximately 14.1% of the LP Units), The Cline Trust Company (approximately 14.1% of the LP Units), and other unitholders (including FELP's executives and officers).⁵

4. The GP's board of directors (the "**Board**") generally controls Foresight's decisions (subject to Foresight's constitutional documents) pursuant to the GP's role as FELP's general partner. The GP is owned by MEC and non-Debtor Foresight Reserves LP ("**Reserves**"), which is a wholly owned subsidiary of The Cline Group. MEC holds an 80% voting interest in the GP, with Reserves holding the remaining 20%. The GP's six-person Board is comprised of (a) two members who are officers of MEC, (b) one member who is an officer of Reserves, and (c) three members who are independent directors (the "**Independent Directors**").

⁴ FELP's common limited partnership interests are listed on the New York Stock Exchange under the symbol "FELP."

⁵ LP Unit holdings reflect those reported in FELP's Form 10-K for fiscal year 2018.

5. Foresight has its own capital structure, separate and apart from the Debtors. Foresight is not a guarantor, or otherwise liable for, any of the Debtors' financial debt.

6. A chart further illustrating Foresight's upper-tier organizational and ownership structure is attached hereto as **Exhibit A**.

IV. Foresight's Strategic Business Relationship with the Debtors

7. As discussed in more detail in the Cash Management Motion, Foresight and Murray Energy engage in certain Intercompany Transactions in the ordinary course of business, including those under the FELP MSA, the At-Contract Intercompany Coal Sales, the Lease and Overriding Royalty Agreements, and the other Ordinary Course Foresight Transactions. These Intercompany Transactions generate operational efficiencies, increase operational flexibility, provide significant cost savings, and improve the market position of both the Debtors and Foresight, all of which are beneficial to both the Debtors and Foresight.

8. With respect to the At-Contract Intercompany Coal Sales, the proceeds generated by Foresight thereunder pass through Murray Energy as a matter of administrative convenience; however, such proceeds are the sole property of Foresight and are not property of the Debtors' estates.

V. Foresight's Conflicts Committee

9. In connection with the Debtors' restructuring and chapter 11 cases, the Board has appointed a conflicts committee (the "***Conflicts Committee***"), consisting of the three Independent Directors, with the power and authority to, on behalf of Foresight: (i) review and evaluate any and all matters relating to any financial or corporate restructuring of Murray Energy (each a "***Murray Restructuring***"), including all material plans and proposals related thereto and the terms and conditions of each of the foregoing, and to develop any pleadings, notices or related materials to be issued or filed in connection therewith (each a "***Murray Restructuring Matter***"); (ii) exercise

the full authority of the Board with respect to the approval of any Murray Restructuring Matter, (iii) determine whether any Murray Restructuring is advisable and not adverse to the interest of Foresight and the holders of the LP Units who are not affiliated with the members of the GP (the “*Public Unitholders*”) and (iv) as the Conflicts Committee determines appropriate, deem such other matters relating to any Murray Restructuring to be subject to the Conflicts Committee’s authority or, alternatively, to be appropriate for evaluation and determination by the Board. This broad grant of authority to the Conflicts Committee is intended to ensure that all decisions made by Foresight with respect to any Murray Restructuring Matters are made impartially.

10. The Board and the Conflicts Committee regularly receive reports from management regarding all affiliate matters, including all Intercompany Transactions among the Debtors and Foresight. In connection with the commencement of these cases, the Conflicts Committee has directed FTI Consulting, Inc. (“*FTI*”), as financial advisor,⁶ to continue to closely monitor and track such transactions. At the Conflicts Committee’s direction, FTI will assist it in monitoring Foresight’s transactions with the Debtors so the Conflicts Committee can ensure such transactions continue to be beneficial overall to Foresight, the Public Unitholders, and all stakeholders collectively.

VI. The Conflicts Committee’s Support for the First Day Motions

11. Based on its review of the Intercompany Transactions to date, the Conflicts Committee recognizes that Foresight and the Debtors’ strategic business relationship provides substantial benefits to both the Debtors and Foresight. Accordingly, the Conflicts Committee, on behalf of Foresight, supports the relief requested in the First Day Motions.

⁶ In addition to retaining FTI as financial advisor, Foresight has retained its own separate counsel, Paul, Weiss, Rifkind, Wharton & Garrison LLP, and investment banker, Jefferies LLC, to protect its interests in the Debtors’ chapter 11 cases.

12. Notwithstanding the Conflicts Committee's support for the relief requested in the First Day Motions, the Conflicts Committee, on behalf of Foresight, reserves any and all rights with respect the Intercompany Transactions and the relief requested in the First Day Motions, including in the event that the Conflicts Committee subsequently determines that any of the Intercompany Transactions are not in Foresight's best interests.

13. With respect to the DIP Financing Motion, the Conflicts Committee is, as described above, continuously monitoring At-Contract Intercompany Coal Sales transactions and the transfer by Murray Energy to Foresight of proceeds earned by, and belonging exclusively to, Foresight thereunder. The Conflicts Committee will protect Foresight's right to such proceeds, which are not property of the Debtors' estates. If there is a default by the Debtors on their obligations under the DIP Financing Motion, the Conflicts Committee plans to request an emergency hearing to protect Foresight's assets pursuant to section 15(e) of the DIP Financing Proposed Interim Order.

Notice

14. Foresight has provided notice of this Statement to the following parties or their respective counsel: (a) the U.S. Trustee for the Southern District of Ohio; (b) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (c) the indenture trustee under the Debtors' prepetition indentures; (d) the administrative agent under the Debtors' prepetition asset-based and term loan facilities; (e) the administrative agent under the Debtors' proposed debtor-in-possession financing facility; (f) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors operate; (g) the office of the attorneys general for the states in which the Debtors operate; (h) the United States Attorney's Office for the Southern District of Ohio; (i) the Internal Revenue Service; (j) the Cash Management Banks; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002.

WHEREFORE, Foresight respectfully submits this Statement to the Court.

Dated: October 30, 2019
Cincinnati, Ohio

/s/ Michael A. VanNiel

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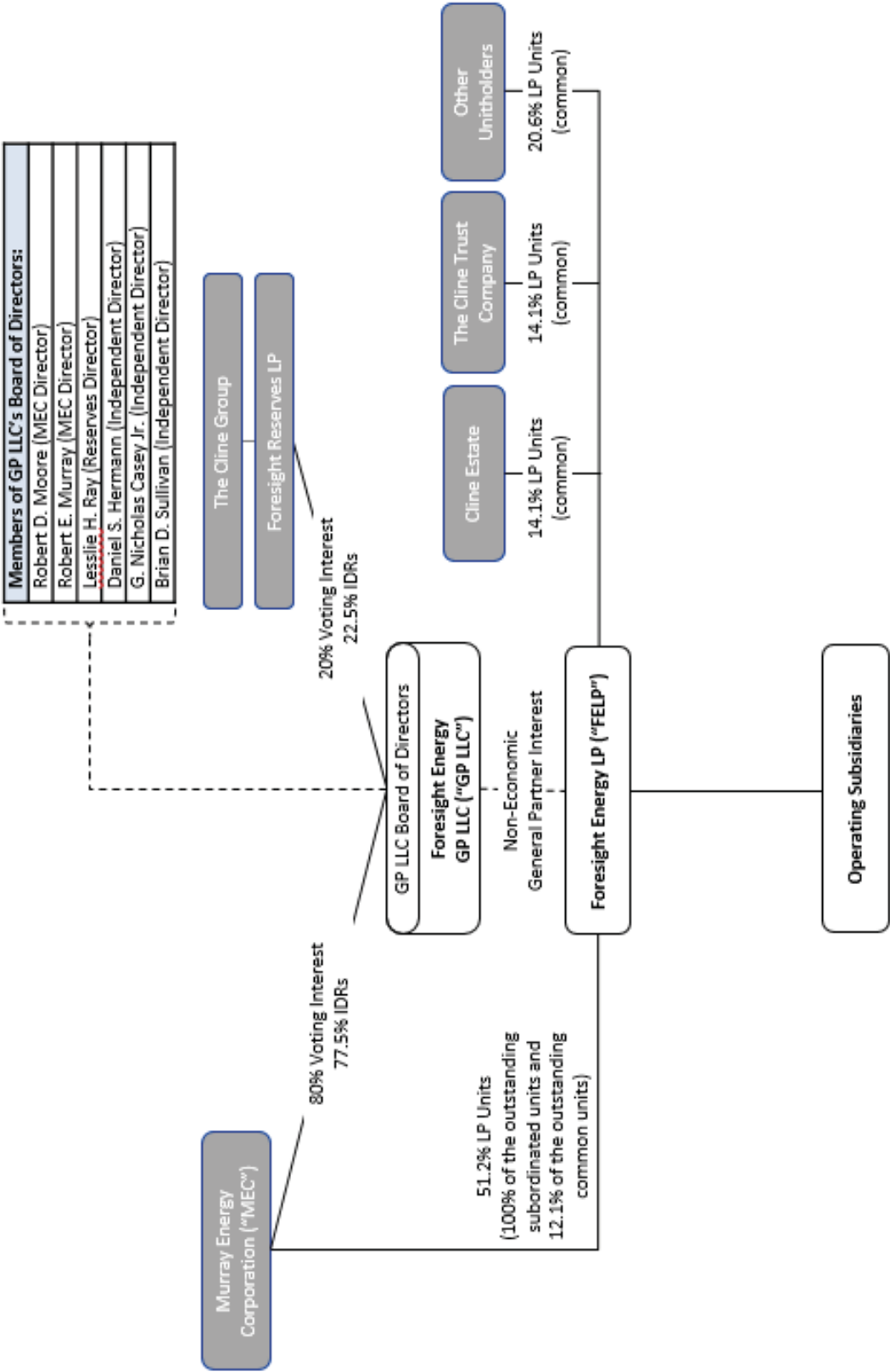
Counsel to Foresight

EXHIBIT A

Organization and Ownership Chart

Foresight Ownership and Organization Chart

Below is a diagram of Foresight’s organizational and ownership structure, as reported in Foresight Energy LP’s Form 10-K for fiscal year 2018:



CERTIFICATE OF SERVICE

I hereby certify that on October 30, 2019, a copy of the foregoing was filed electronically. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt as listed below. Parties may access this filing through the Court's system.

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